

Unified Franchise Agreement Commercial Rate Analysis

Monterey County Environmental Health

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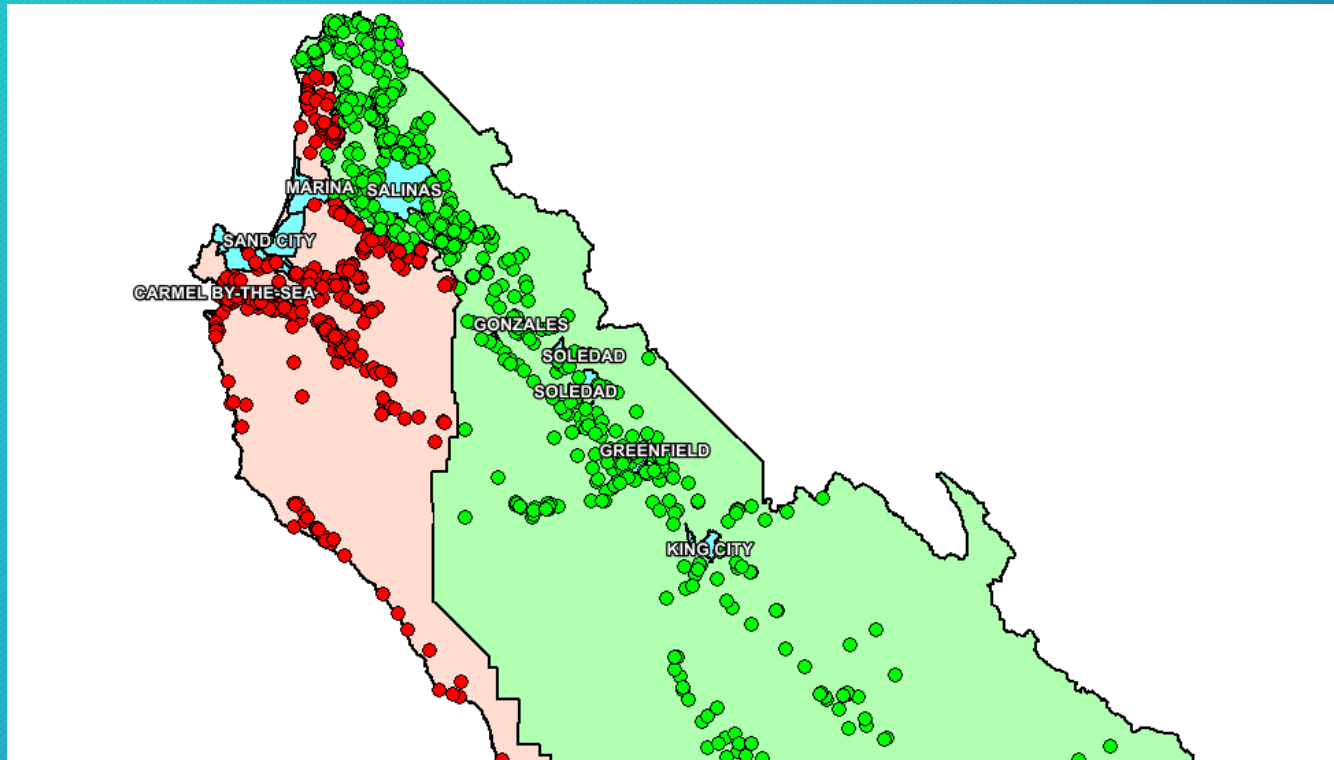
Recommendation

- a. Receive an update addressing the Unified Franchise Agreement Solid Waste Hauling commercial rate differences between the Salinas Valley Solid Waste Authority and Monterey Regional Waste Management District regions; and
- b. Provide direction to staff, as appropriate.

UFA Approval Overview

- New UFA Agreement was approved: December 3, 2024
- Franchisee: Waste Management (DBA Carmel Marina Corporation)
- Area Covered: Unincorporated Monterey County
- Board Direction: Conduct commercial rate cost comparison - East vs. West regions

Districts and Density Covered Under the UFA



Regional Breakdown

- **West Region (ReGen):**
 - Covers 853 square miles
 - Includes Peninsula cities & unincorporated areas
 - ReGen Monterey
- **East Region (SVSWA):**
 - Covers 2,450 square miles
 - Includes Valley cities and unincorporated areas
 - Salinas Valley Solid Waste Authority

Comparison Methodology

- **Factors Evaluated:**
 - Commercial disposal rates
 - Fuel costs
 - Container/customer density
 - Labor costs
 - Administrative expenses
- **Scope:** Waste Management commercial services

Disposal Rate Comparison

- **East:** Average rate of \$123/ton
- **West:** Average rate of \$70/ton
- **Difference:** 44% higher in East
- **Key Contributors:**
 - \$22.48/ton AB939 Fee (East only)
 - \$19.75/ton Jolon Road Transfer Station Fee
 - Utilization of Madison Lane Transfer Station (\$110.89/ton for MSW in 2024)

Fuel and Transportation Costs

- **East Uses:** Mix of CNG & Diesel (no local CNG stations)
- **West Uses:** CNG
- **Mileage:** East routes travel 34,000 more miles/year
- **Efficiency:**
 - East: 498 containers/route
 - West: 807 containers/route

Labor and Administrative Costs

- **Labor Costs:** 21% higher in East
- **Admin Costs:** 26% higher in East (customer count-based allocation)
- **Customer Density:**
 - East has 26% more customers
 - Routes are longer and less efficient

Summary of Cost Drivers in the East

- Higher disposal fees (including AB939 & transfer stations)
- Increased fuel & mileage costs
- Fewer containers per route
- Elevated labor and admin expenses

Conclusion

- **Maintain current rate structure**
- Analysis supports regional rate structure
- Standardizing rates would:
 - Increase costs unfairly for West region
 - Reduce efficiency benefits of West
 - Misalign costs with actual service delivery

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Questions?